

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 9/25/2012	(3) CONTACT/PHONE Jill Ogren, Utilities Division Project Manager (805) 781-5263	
(4) SUBJECT Request to approve an option to extend the lease agreement between Peggy Bean and the County of San Luis Obispo acting on behalf of County Service Area 7A (Oak Shores Wastewater Treatment System) for an additional 5 year term. District 1.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board: 1. Approve the exercise of an option to extend the lease agreement between Peggy Bean and the County of San Luis Obispo acting on behalf of CSA 7A (Oak Shores) for an additional 5 years for the purposes of effluent disposal ponds, piping, and appurtenances used in conjunction with the Oak Shores wastewater system; and 2. Authorize the Public Works Director to send a notice letter to exercise the option in a form approved by County Counsel.			
(6) FUNDING SOURCE(S) CSA 7A	(7) CURRENT YEAR FINANCIAL IMPACT \$3,500.00 increase	(8) ANNUAL FINANCIAL IMPACT \$3,500.00 to \$6,500.00 increase/year	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP  Attached	(15) BUSINESS IMPACT STATEMENT?  No	(16) AGENDA ITEM HISTORY  <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW  <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 2 -			

Reference: 12SEP25-C-2

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works  
Jill Ogren, Utilities Division Project Manager

VIA: Dean Benedix, Utilities Division Manager

DATE: 9/25/2012

SUBJECT: Request to approve an option to extend the lease agreement between Peggy Bean and the County of San Luis Obispo acting on behalf of County Service Area 7A (Oak Shores Wastewater Treatment System) for an additional 5 year term. District 1.

## **RECOMMENDATION**

It is our recommendation that your Honorable Board:

1. Approve the exercise of an option to extend the lease agreement between Peggy Bean and the County of San Luis Obispo acting on behalf of CSA 7A (Oak Shores) for an additional 5 years for the purposes of effluent disposal ponds, piping, and appurtenances used in conjunction with the Oak Shores wastewater system; and
2. Authorize the Public Works Director to send a notice letter to exercise the option in a form approved by County Counsel.

## **DISCUSSION**

County Service Area 7 was formed on December 11, 1967 to provide special district services to the Oak Shores community on the north shore of Lake Nacimiento. CSA 7A was formed April 5, 1976 for the specific service of collecting, treating, operating, and maintaining a sanitary sewer system. The system consists of a collection system, treatment plant, holding ponds and spray fields. The system currently has 638 connections with another 265 will serves for a total of 903 connections.

In 2001 the Regional Water Quality Control Board (RWQCB) issued Waste Discharge Requirement Order No. 01-0130 to CSA 7A. It required CSA 7A to expand their disposal facilities to be able to handle wet weather flows that occur during winter time. A temporary easement to use the Bean property for emergency effluent storage was obtained and temporary facilities were constructed on the site while other alternative locations were analyzed. Eventually, the Bean property was identified as the best location for the additional disposal facilities (3 holding ponds) and negotiations ensued. Due to lack of agreement on the equitable purchase price of the property, the County pursued condemnation of the property. Condemnation proceedings were put on hold August 21, 2007 when your Board approved entering into the existing lease agreement with the property owner (Bean).

Conditions of the existing agreement include reserving the rights of both parties and “freezing” the appraised property value if condemnation proceedings were to be reinstated.

The lease for the use of approximately 7 acres has an original term of 10 years and was made retroactive to 2003, with an expiration date of January 28, 2013. The agreement provides for an option to extend the lease for an additional 5 years upon no less than 90 days’ notice to the property owner.

Should the option for an extension of the lease be exercised, future actions regarding the use of this property as part of the CSA 7A waste water system will need to be addressed in advance of the expiration of the proposed 5 year lease extension. Alternatives which could be considered include obtaining a permanent easement interest in the Bean Property, expansion of the sewer treatment plant facilities (developer driven), further extension of the settlement agreement could be negotiated, or pursuit of condemnation proceedings. Staff will evaluate these options as part of the overall CSA 7A waste water assessment that is currently underway.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

County Counsel has reviewed the existing lease and terms and concurs that an extension is allowed under the agreement with your Boards approval. If the recommended action is approved, County Counsel will also approve the form of the letter to the property owners noticing them of your Board’s decision to exercise the option.

### **FINANCIAL CONSIDERATIONS**

The existing annual lease amount is \$3,000 per year. Per terms of the agreement, if the County elects to extend the lease for 5 years, the annual lease amount would increase to \$6,500 per year.

CSA 7A’s annual revenues collected through rates and charges will be used to fund the increase of \$3,500 annually for the next 5 years.

### **RESULTS**

Approval of the recommended action will allow CSA 7A to continue to lease the Bean property for an additional 5 years and utilize the facilities on the property to provide a wastewater system that is in compliance with Regional Water Quality Control Boards Waste Discharge Requirements Order No. 01-0130 resulting in a healthy Oak Shores community.

File: CF320.93.01

Reference: 12SEP25-C-2

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### **ATTACHMENTS**

1. Vicinity Map
2. Exhibit A - Focused Map
3. Exhibit B - Lease Agreement